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ANNUAL AUDITED REPORT
FORM X-17A-5
PART III

FACING PAGE

Information Required of Brokers and Dealers Pursuant to Section 17 of the
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder

REPORT FOR THE PERIOD BEGINNING 01/01/05 AND ENDING 12/31/05
MM/DD/YY MM/DD/YY

A. REGISTRATION IDENTIFICATION

NAME OF BROKER-DEALER: **Bluebid Brokerage, LLC**

OFFICIAL USE ONLY

FIRM ID. NO

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

401 S. LaSalle Street, Suite 700

(No. and Street)

Chicago

(City)

Illinois

(State)

60604

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

Brian Casper

(312) 786-4709

(Area Code-Telephone No)

B. ACCOUNT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Schultz and Chez, LLP

(Name - if individual, state last, first, middle name)

141 W. Jackson Blvd., Suite 2900

(Address)

Chicago

(City)

IL

(State)

60604

(Zip Code)

CHECK ONE

- ☒ Certified Public Accountant
☐ Public Accountant
☐ Accountant not resident in United States or any of its possessions.

PROCESSED

APR 14 2006

FOR OFFICIAL USE ONLY

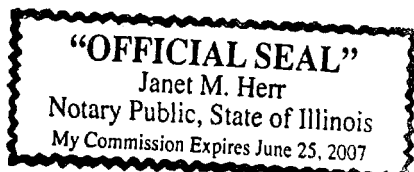
THOMSON
FINANCIAL

* Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See section 241.17a-5(e)(2).

4-13

OATH OR AFFIRMATION

I, Brian Casper, affirm that, to the best of my knowledge and belief, the accompanying financial statements and supplemental information pertaining to the firm of **Bluebid Brokerage, LLC**, as of December 31, 2005 are true and correct. I further affirm that neither the Company nor any member, proprietor, principal officer, or director has any proprietary interest in any account classified solely as that of a customer.



Brian A Casper
Signature

CFO
Title

Janet M. Herr
Notary Public

This report contains (check all applicable boxes):

- ☒ (a) Facing Page
- ☒ (b) Statement of Financial Condition
- ☒ (c) Statement of Income
- ☒ (d) Statement of Changes in Member's Equity
- ☒ (e) Statement of Cash Flows
- ☐ (f) Statement of Changes in Subordinated Borrowings

Supplemental Information:

- ☒ (g) Computation of Net Capital
- ☒ (h) Computation for Determination of Reserve Requirements pursuant to Rule 15c3-3
- ☒ (i) Information Relating to the Possession or Control under Requirement under Rule 15c3-3
- ☐ (j) A Reconciliation, including appropriate explanation, of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements pursuant to Rule 15c3-3
- ☐ (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation
- ☒ (l) An Oath or Affirmation
- ☒ (m) Independent Auditors' Supplemental Report on Internal Control
- ☐ (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

**** For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3)**

CONTENTS

	<u>PAGES</u>
INDEPENDENT AUDITOR'S REPORT	1
STATEMENT OF FINANCIAL CONDITION	2
STATEMENT OF INCOME	3
STATEMENT OF CHANGES IN MEMBERS' EQUITY	4
STATEMENT OF CASH FLOWS	5
NOTES TO FINANCIAL STATEMENTS	6 - 7
SUPPLEMENTARY INFORMATION	
COMPUTATION OF NET CAPITAL, PER UNIFORM NET CAPITAL RULE 15c3-1	8
COMPUTATION FOR DETERMINATION OF RESERVE REQUIREMENTS AND INFORMATION FOR THE POSSESSION OR CONTROL REQUIREMENTS PURSUANT TO RULE 15c3-3	9
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL	10 - 11

SCHULTZ & CHEZ, L.L.P.

Certified Public Accountants

141 West Jackson Boulevard, Suite 2900
Chicago, Illinois 60604
Main: (312) 332-1912
Fax: (312) 332-3635

INDEPENDENT AUDITOR'S REPORT

To the Members of
BLUEBID BROKERAGE, LLC
Chicago, Illinois

We have audited the accompanying statement of financial condition of BLUEBID BROKERAGE, LLC, as of December 31, 2005, and the related statements of income, changes in members' equity and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of BLUEBID BROKERAGE, LLC, and the results of its operations and its cash flows for the year ended December 31, 2005, in conformity with U.S. generally accepted accounting principles.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained on pages 8 and 9 is presented for purposes of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by Rule 17a-5 of the Securities and Exchange Commission. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Chicago, Illinois
February 10, 2006

Schultz & Chez, L.L.P.

BLUEBID BROKERAGE, LLC
(A Delaware Limited Liability Company)
STATEMENT OF FINANCIAL CONDITION
DECEMBER 31, 2005

ASSETS

Cash in bank	\$ 9,753
Receivable from broker/dealers	322,627
Other assets	<u>11,149</u>
 TOTAL ASSETS	 \$ <u>343,529</u>

LIABILITIES AND MEMBERS' EQUITY

LIABILITIES

Accrued expenses	\$ 6,200
Due to affiliate	<u>25,879</u>

TOTAL LIABILITIES	<u>32,079</u>
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MEMBERS' EQUITY	<u>311,450</u>
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TOTAL LIABILITIES AND MEMBERS' EQUITY	\$ <u>343,529</u>
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See accompanying notes.

BLUEBID BROKERAGE, LLC
(A Delaware Limited Liability Company)

STATEMENT OF INCOME
YEAR ENDED DECEMBER 31, 2005

REVENUES

Commission	\$ 550,503
Interest and dividend	<u>9,801</u>
Total Revenues	<u>560,304</u>

EXPENSES

Salaries	174,885
Clearing charges	242,322
Regulatory fees	5,428
Depreciation expense	1,267
Interest expense	2,173
Occupancy	12,000
Professional fees	6,700
Quote expense	20,509
Other	<u>27,850</u>
Total Expenses	<u>493,134</u>
NET INCOME	\$ <u>67,170</u>

See accompanying notes.

BLUEBID BROKERAGE, LLC
(A Delaware Limited Liability Company)
STATEMENT OF CHANGES IN MEMBERS' EQUITY
YEAR ENDED DECEMBER 31, 2005

Members' Equity, December 31, 2004	\$ 444,280
Members' withdrawals	(200,000)
Net income	<u>67,170</u>
Members' Equity, December 31, 2005	\$ <u>311,450</u>

See accompanying notes.

BLUEBID BROKERAGE, LLC
(A Delaware Limited Liability Company)

STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2005

OPERATING ACTIVITIES

Net income	\$ <u>67,170</u>
Adjustments to reconcile net income to net cash provided by operating activities	
Depreciation expense	1,267
(Increase) decrease in operating assets:	
Receivable from broker/dealers	142,895
Securities owned	5,073
Other assets	(9,530)
Increase (decrease) in operating liabilities:	
Accrued expenses	1,700
Other payables	(<u>55,406</u>)
Total adjustments	<u>85,999</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>153,169</u>

FINANCING ACTIVITIES

Members' withdrawals	(<u>200,000</u>)
NET CASH USED IN FINANCING ACTIVITIES	(<u>200,000</u>)

NET DECREASE IN CASH (46,831)

CASH AT DECEMBER 31, 2004 56,584

CASH AT DECEMBER 31, 2005 \$ 9,753

Supplemental Cash Flow Information:

Cash payments for interest during the year totaled \$2,173.

Cash payments for income taxes during the year totaled \$0.

See accompanying notes.

BLUEBID BROKERAGE, LLC
(A Delaware Limited Liability Company)

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2005

(1) NATURE OF BUSINESS

BLUEBID BROKERAGE, LLC (the "Company"), a Delaware Limited Liability Company, operates as a municipal bond broker that clears all trades on a fully-disclosed basis through an outside clearing firm.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles includes the use of estimates that affect the financial statements. Accordingly, actual results could differ from those estimates.

Securities Owned

Securities transactions are recorded on the trade date, and accordingly, gains or losses are reflected on unsettled transactions. Securities owned are valued at quoted market prices, plus accrued interest.

Fair Value of Financial Instruments

Financial instruments recorded at fair value on the Company's statement of financial condition include securities owned and securities sold, not yet purchased. Other financial instruments are recorded by the Company at contract amounts and include receivables from and payables to clearing broker. Financial instruments carried at contract amounts, which approximate fair value, either have short-term maturities, are repriced frequently, or bear market interest rates and, accordingly, are carried at amounts approximating fair value.

Comprehensive Income

The Company has not presented a Statement of Comprehensive Income because it does not have any items of "other comprehensive income".

(3) INCOME TAXES

No provision has been made for income taxes as the taxable income or loss is included in the income tax returns of the Members.

(4) CONCENTRATION OF CREDIT RISK

At December 31, 2005, a significant concentration of credit consisted of deposits of cash and securities in a Company brokerage account approximating \$323,000.

BLUEBID BROKERAGE, LLC
(A Delaware Limited Liability Company)

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2005

(5) **REGULATORY MATTERS**

As a registered broker/dealer, the Company is subject to the SEC's Uniform Net Capital Rule (Rule 15c3-1) which requires the maintenance of minimum net capital and requires that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1. At December 31, 2005, the Company had net capital of \$283,129 which exceeded requirements by \$278,129 and the ratio of aggregate indebtedness to net capital was less than 1:1.

SUPPLEMENTARY INFORMATION

BLUEBID BROKERAGE, LLC
(A Delaware Limited Liability Company)
**COMPUTATION OF NET CAPITAL,
PER UNIFORM NET CAPITAL RULE 15c3-1**
DECEMBER 31, 2005

NET CAPITAL	
Members' equity	\$ 311,450
LESS:	
Non-allowable assets - Other assets	(2,889)
Other charges - Fidelity bond deductible excess	(<u>19,000</u>)
NET CAPITAL BEFORE HAIRCUTS ON SECURITIES	289,561
Haircuts on money market investments maintained in brokerage accounts	(<u>6,432</u>)
NET CAPITAL	\$ <u>283,129</u>
COMPUTATION OF BASIC NET CAPITAL REQUIREMENT	
Minimum net capital required (Greater of 6 2/3% of aggregate indebtedness or \$5,000)	\$ <u>5,000</u>
EXCESS NET CAPITAL	\$ <u>278,129</u>
COMPUTATION OF AGGREGATE INDEBTEDNESS	
Total liabilities	\$ <u>25,879</u>
Percentage of aggregate indebtedness to net capital	<u>9%</u>

Note: There are no material differences between the audited computation of net capital and that per the Company's unaudited FOCUS report as filed.

BLUEBID BROKERAGE, LLC
(A Delaware Limited Liability Company)

COMPUTATION FOR DETERMINATION OF RESERVE REQUIREMENTS

AND

**INFORMATION FOR THE POSSESSION OR CONTROL
REQUIREMENTS PURSUANT TO RULE 15c3-3**

DECEMBER 31, 2005

These schedules are not applicable as BLUEBID BROKERAGE, L.L.C. is exempt from Rule 15c3-3 under the provisions of subparagraph (k)(2)(ii) inasmuch as it carries no margin accounts, promptly transmits all customer funds and delivers all securities received in connection with its activities as a broker or dealer, does not otherwise hold funds or securities for, or owe money or securities to, customers and effectuates all financial transactions between the broker or dealer and its customers through one or more bank accounts, each designated as "Special Account for the Exclusive Benefit of Customers of BLUEBID BROKERAGE, L.L.C."

SCHULTZ & CHEZ, L.L.P.

Certified Public Accountants

141 West Jackson Boulevard, Suite 2900
Chicago, Illinois 60604
Main: (312) 332-1912
Fax: (312) 332-3635

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL

To the Members of
BLUEBID BROKERAGE, L.L.C.
Chicago, Illinois

In planning and performing our audit of the financial statements of BLUEBID BROKERAGE, L.L.C. (the "Company") for the year ended December 31, 2005, we considered its internal control, including control activities for safeguarding securities, in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control.

Also, as required by Rule 17a-5(g)(1) of the Securities and Exchange Commission, we have made a study of the practices and procedures followed by the Company, that we considered relevant to the objectives stated in Rule 17a-5(g) in making the periodic computations of aggregate indebtedness (or aggregate debits) and net capital under Rule 17a-3(a)(11) in complying with the conditions of exemption from Rule 15c3-3. We did not review the practices and procedures followed by the Company in complying with the requirements for prompt payment for securities under Section 8 of Regulation T of the Board of Governors of the Federal Reserve System, because the Company does not carry security accounts for customers.

The management of the Company is responsible for establishing and maintaining an internal control and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control policies and procedures and of the practices and procedures referred to in the preceding paragraph and to assess whether those practices and procedures can be expected to achieve the Commission's above-mentioned objectives. Two of the objectives of an internal control and the practices and procedures are to provide management with reasonable, but not absolute, assurance that assets for which the Company has responsibility are safeguarded against loss from unauthorized use or disposition and that transactions are executed in accordance with management's authorization and recorded properly to permit preparation of financial statements in conformity with U.S. generally accepted accounting principles. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

Because of inherent limitations in any internal control or the practices and procedures referred to above, errors or fraud may occur and not be detected. Also, projection of any evaluation of them to future periods is subject to the risk that they may become inadequate because of changes in conditions or that the effectiveness of their design and operation may deteriorate.

Our consideration of the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of the specific internal control components does not reduce to a relatively low level the risk that errors or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. However, we noted no matters involving the internal control, including procedures for safeguarding securities, that we consider to be material weaknesses as defined above. In addition, the Company was in compliance with the conditions of the exemptive provisions of Rule 15c3-3 at December 31, 2005 and, further, no facts came to our attention indicating that the Company was not in compliance with such conditions during the year ended December 31, 2005.

We understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the Commission to be adequate for its purposes in accordance with the Securities Exchange Act of 1934 and related regulations, and that practices and procedures that do not accomplish such objectives in all material respects indicate a material inadequacy for such purposes. Based on this understanding and on our study, we believe that the Company's practices and procedures were adequate at December 31, 2005, to meet the Commission's objectives.

This report is intended solely for the use of management, the Securities and Exchange Commission, the National Association of Securities Dealers, and other regulatory agencies which rely on Rule 17a-5(g) under the Securities Exchange Act of 1934 in their regulation of registered brokers and dealers, and is not intended to be and should not be used by anyone other than these specified parties.

Chicago, Illinois
February 10, 2006

Schultz: G, LLP